



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1844 (1951)

December 29, 1988

SUBJECT: Revision of Farmer Program Management and Servicing
Goals through June 30, 1989

TO: State Directors

PURPOSE/INTENDED OUTCOME

This AN clarifies the goals and reporting requirements for FmHA's Farmer Program Management and Servicing Goals through June 30, 1989.

COMPARISON WITH PREVIOUS AN

This AN replaces Attachment A of FmHA AN 1804 (1951) dated September 26, 1988, which expires on September 30, 1989.

IMPLEMENTATION RESPONSIBILITIES

State Directors and Farmer Program Chiefs should immediately review the revised goals and make plans for training, implementing, and measuring the results of these efforts.

SUMMARY OF REVISIONS

The Farmer Program Management and Servicing Goals have been modified by changing the end of the first reporting period to December 31, 1988, from January 31, 1989. This change was made to align the goals reporting period to the end of a quarter. The report has been revised by eliminating duplicate reporting requirements. The report should be submitted to the National Office, Farmer Programs, Program Development Staff (Telemail Box NO. PDS) on January 18, 1989, and July 8, 1989.

Loan Servicing Goal B, Loan Making Goal C, and Farm Property Management Goal A, have been revised. Loan Making Goal C now states, "Sixty percent of all active, unduplicated, Farmer Program borrowers will have an automated Farm and Home Plan completed by June 30, 1989." Farm Property Management Goal A has been revised to clarify how the inventory property reduction goal

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-A



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will be measured. Property acquired during the fiscal year will not be counted against goal achievement. Loan Servicing Goal states that by June 30, 1989, State Offices will reduce the number of Collection Only accounts by 80% of the total unduplicated number, noted on the June 30, 1988, Report Code 6.



LA VERNE AUSMAN
Acting Administrator

Attachment

FARMER PROGRAM MANAGEMENT AND SERVICING
GOALS THROUGH JUNE 30, 1989

LOAN SERVICING

FmHA personnel must make every effort to help farmers resolve their financial problems. County Supervisors and District Directors must fully utilize all appropriate servicing and supervisory tools to assist borrowers to succeed.

- A. The Agricultural Credit Act of 1987 has expanded Farmers Home Administration authorities to resolve delinquent Farmer Program borrower financial problems. The legislation established very specific time frames in which the Agency must begin and complete requests for servicing actions. Every resource available will need to be utilized in order to accomplish the increased workload in field offices on a timely basis. This includes the utilization of contract services. The National Office has developed two computerized programs (DALR\$ and SENT) to assist in meeting these critical time frames. It is essential that these programs be used to meet the objective of completing the assigned tasks. This is an opportunity to resolve the delinquent and problem farmer program accounts. We will be closely monitored by Interest Groups, OIG, and Congress to assure that the job is done consistent with regulations and within the time frames established in the legislation. Failure to accomplish the task as set forth in regulations and in the full spirit of the law can result in future court actions which may prevent the Agency from providing the servicing actions necessary to assist borrowers to resolve their financial difficulties.

A specific goal on accomplishments relating to carrying out the Agricultural Credit Act of 1987 is not established because of specific performance criteria in the legislation and regulation, but progress will be monitored by the National Office through Farmer Program management reports and special reviews.

- B. By June 30, 1989, each State Office will reduce the number of its Collection Only (CO) accounts by 80% of the total unduplicated number, noted on the quarterly Report Code (RC) 643, dated as of June 30, 1988.

Goal achievement will be monitored by dividing the number of CO accounts, reported on RC 643, on June 30, 1989, by the number of CO accounts reported on the June 30, 1988, RC 643.

CREDIT QUALITY

State Directors or their designee(s) will post review 15% of all annual and interim farm budgets used as a basis for Farmer Program loans approved in the County Offices. This includes (initial and subsequent) Insured and (initial and subsequent) Guaranteed Farmer Program loan advances approved by county officials from September 1, 1988, through June 30, 1989. Samples will be obtained from Form FmHA 1905-4. The first loan approved and every sixth loan approved, thereafter, will be reviewed.

The primary purpose of this review will be to analyze the 12 month farm budget, (for Insured loans required in Section 1924.57 (b) of FmHA Instructions 1924-B and Section 1941.14 of FmHA 1941-A for annual production loans to delinquent borrowers and for Guaranteed loans Section 1980.113 (d) for Regular and Section III A of Exhibit A of FmHA Instructions 1980-B for ALP loans. For ALP loans, the annual farm budget will be either the appropriate Form FmHA 1980-25, Form FmHA 449-12, Farm and Home Plan or other farm budgets in the county file. If only Attachment 3 of Exhibit A of FmHA Instructions 1980-B is in the file, a visit to the lender will be necessary.), to determine if a feasible plan existed at the time the loan was approved.

The semi-annual reports to the National Office will include the unduplicated borrower or applicant farm budget review count, since some applicants or borrowers could have received several types of FmHA loans. We recommend that the District Director obtain the data for the unduplicated semi-annual reporting requirements from their respective County Offices from Forms FmHA 1905-4 "Application and Processing Card-Individual." District Directors will forward the information to the State Offices, who will complete a report to the National Office.

LOAN MAKING

The objective is to provide as much credit as possible to farmers from other sources. This objective includes existing borrowers and new applicants. Farmer Program funding levels for fiscal year 1989 will continue to require the shift toward guaranteed loans to provide the credit needs of farmers who are unable to

get credit with or without a guarantee. Every effort possible must be made to get first time applicants financed with guaranteed loans. Insured funds should be used judiciously for only essential operating purposes. Refinancing of debts should only be done with the guaranteed authorities or when it is absolutely necessary to develop a feasible plan to keep a farmer in business. This will require careful planning and documentation on Form FmHA 1962-1 of payments to be made to other creditors. Roll-over of annual production loans is strictly prohibited. Congress authorizes funding levels and roll-overs have the effect of providing more government assistance than authorized by Congress.

The new regulations require documentation in borrower case files of the inability to obtain a guaranteed loan as a part of the test for other credit. The objective is to conserve limited insured funds for those borrowers and applicants that are truly in need of insured funds after all sources of credit have been explored including a guaranteed loan.

- A. Each State will limit its use of insured loan funds for Fiscal Year 1989 to the amount of the insured funds initially allocated to the State. The objective of this goal is to insure that each state make a concerted effort to provide applicants and borrowers 1989 credit needs through the use of the guaranteed program, subordination authorities and Emergency loan authorities to eligible applicants in designated areas.

The goal will be monitored by using RC 205.

- B. Each state will obligate all of the FY 1989 FO funds allocated for Socially Disadvantaged (SDA) groups by June 30, 1989.

This goal will be monitored by using RC 205C. The (SDA) FO dollars obligated will be divided by the (SDA) FO dollars allocated to determine the goal achievement.

- C. Sixty percent of all active, unduplicated, Farmer Program borrowers will have an automated Farm and Home Plan completed by June 30, 1989. We suggest that the following method be used to determine this number:

On January 18, and July 8, 1989, the State Offices will report to the National Office, using Exhibit A, the total number of borrowers using an automated Farm and Home plan.

On December 31, 1988, and June 30, 1989, each County Office should determine the number of borrowers using an automated Farm and Home plan. This is easily accomplished by typing the following at the UNIX prompt:

```
cd (space) /usr/sp_datafiles/fhp
```

Hit return. Then type:

```
ls (space) -l (space) | (space) lp
```

The designated printer will print a list of all FP borrowers using the automated Farm and Home Plan. The County Office should count the number of rows listed on the output. Count only those farm plans with dates after the new system is loaded. This number will be forwarded to the State Office for submission of a combined report to the National Office.

The total number of borrowers, with an automated Farm and Home Plan, will be divided by the total number of Active Borrowers, listed on the September 1, 1988, RC 541 report. This will determine the percentage of borrowers with an automated Farm and Home Plan.

FARM PROPERTY MANAGEMENT

The acquisition, management and sale of FmHA farm inventory properties must continue to be administered in a manner that is in the best interest of the Government while taking into consideration the expanded authorities set forth in the Agricultural Credit Act of 1987 Regulations.

- A. The goal is to sell one-half of the acres of inventory property on August 31, 1988, by June 30, 1989. This goal will be measured by multiplying the August 31, 1988, total acres in inventory, listed on RC 593, by .5 to determine the target number of acres to be sold. The target number of acres will be compared with the actual number of acres sold during this time period to determine goal compliance.
- B. The targeted state participation rate for inventory property sales and leases to members of Socially Disadvantaged (SDA) groups is listed in Exhibit B. The goal is to sell and/or lease inventory farms, at or above the targeted rate, to members of these groups. The number of inventory farms sold or leased to members of Socially Disadvantaged groups will be divided by the total number of farms sold or leased to determine goal achievement.

- C. All Farmer Program inventory property is to be classified by the county committee as either suitable or surplus. The revised classifications, when made by the committee, must be properly reported to the Finance Office on or before January 1, 1989. You are strongly encouraged to make full use of contracting authorities, to the greatest extent possible, to have all inventory property properly classified on or before January 1, 1989.

FARMER PROGRAM MANAGEMENT AND SERVICING GOALS
THROUGH JUNE 30, 1989

This report should be received by the National Office, Farmer Programs, Program Development Staff (Telemail Box NO.PDS) on January 18, 1989, and July 8, 1989. Responses to question 1 should be cumulative. Responses to questions 2, 3, and 4 should not be cumulative. Only include the activity occurring September 1, 1988, to December 31, 1988, and January 1, 1989, to June 30, 1989.

STATE: _____

DATE PREPARED: _____

1. Total number of active, unduplicated, Farmer Program borrowers with an automated Farm and Home Plan.

Total
AS OF: 12/31/88

Total
AS OF: 06/30/89

2. Number of inventory farms classified by the county committee.

Between 9/01/88
and 12/31/88

Between 1/01/89
and 06/30/89

3. Post review of farm budgets.

- a) Number of Annual/Interim Farm Budgets completed during period.

INSURED
LOANS
9-1-88 to
12-31-88

GUARANTEED
LOANS
9-1-88 to
12-31-88

INSURED
LOANS
1-1-89 to
6-30-89

GUARANTEED
LOANS
1-1-89 to
6-30-89

- b) Number of budgets post reviewed during period.

INSURED
LOANS
9-1-88 to
12-31-88

GUARANTEED
LOANS
9-1-88 to
12-31-88

INSURED
LOANS
1-1-89 to
6-30-89

GUARANTEED
LOANS
1-1-89 to
6-30-89

- c) Number of farm budgets post reviewed that did not have feasible plans.

INSURED
LOANS
9-1-88 to
12-31-88

GUARANTEED
LOANS
9-1-88 to
12-31-88

INSURED
LOANS
1-1-89 to
6-30-89

GUARANTEED
LOANS
1-1-89 to
6-30-89

TARGET U.S. PARTICIPATION RATE
INVENTORY PROPERTY SALES AND LEASES TO SDA GROUPS

STATE	RATE
Alabama	21
Alaska	34
Arizona	39
Arkansas	13
California	20
Colorado	11
Connecticut	3
Delaware	17
Florida	14
Georgia	20
Hawaii	68
Idaho	6
Illinois	2
Indiana	1
Iowa	1
Kansas	3
Kentucky	3
Louisiana	25
Maine	1
Maryland	14
Massachusetts	2
Michigan	3
Minnesota	2
Mississippi	37
Missouri	2
Montana	8
Nebraska	2
Nevada	12
New Hampshire	1
New Jersey	8
New Mexico	57
New York	3
North Carolina	21
North Dakota	5
Ohio	2
Oklahoma	12
Oregon	5
Pennsylvania	2
Rhode Island	2
South Carolina	34
South Dakota	9
Tennessee	6
Texas	22
Utah	7
Vermont	1
Virginia	2
Washington	7
West Virginia	3
Wisconsin	2
Wyoming	7
U.S. TOTAL	10